

HOUSE BILL NO. 501

INTRODUCED BY BIXBY

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT THE BOARD OF OIL AND GAS CONSERVATION COMPLY WITH THE PROVISIONS OF TITLE 75, CHAPTER 1, PARTS 1 AND 2, MCA, PRIOR TO APPROVING PLANS FOR DEVELOPMENT; AMENDING SECTION 82-11-111, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 82-11-111, MCA, is amended to read:

"82-11-111. Powers and duties of board. (1) The board shall make ~~such~~ investigations ~~as that~~ it considers proper to determine whether waste exists or is imminent or whether other facts exist ~~which that~~ justify any action by the board under the authority granted by this chapter with respect ~~thereto~~ to waste.

(2) Subject to the administrative control of the department under 2-15-121, the board shall:

(a) require measures to be taken to prevent contamination of or damage to surrounding land or underground strata caused by drilling operations and production, including but not limited to regulating the disposal or injection of water and disposal of oil field wastes;

(b) classify wells as oil or gas wells or class II injection wells for purposes material to the interpretation or enforcement of this chapter;

(c) adopt and enforce rules and orders to effectuate the purposes and the intent of this chapter.

(3) The board shall determine and prescribe what producing wells ~~shall~~ must be defined as "stripper wells" and what wells ~~shall~~ must be defined as "wildcat wells" and make ~~such those~~ orders ~~as that~~ in its judgment are required to protect those wells and provide that stripper wells may be produced to capacity if it is considered necessary in the interest of conservation ~~to do so~~.

(4) With respect to any pool from which gas was being produced by a gas well on or prior to April 1, 1953, this chapter does not authorize the board to limit or restrain the rate, ~~{daily or otherwise}~~, of production of gas from that pool by any existing well ~~then or thereafter~~ by any well drilled after that date and producing from that pool to less than the rate at which the well can be produced without adversely affecting the quantity of gas ultimately recoverable by the well.

(5) The board has exclusive jurisdiction over all class II injection wells and all pits and ponds in relation to those injection wells. The board may:

(a) issue, suspend, revoke, modify, or deny permits to operate class II injection wells, consistent with rules made by it;

(b) examine plans and other information needed to determine whether a permit should be issued or require changes in plans as a condition to the issuance of a permit;

(c) clearly specify in a permit any limitations imposed as to the volume and characteristics of the fluids to be injected and the operation of the well;

(d) authorize its staff to enter upon any public or private property at reasonable times to:

(i) investigate conditions relating to violations of permit conditions;

(ii) have access to and copy records required under this chapter;

(iii) inspect monitoring equipment or methods; and

(iv) sample fluids ~~which~~ that the operator is required to sample; and

(e) adopt standards for the design, construction, testing, and operation of class II injection wells.

(6) The board shall determine, for the purposes of using the oil and gas production damage mitigation account established in 82-11-161:

(a) when the person responsible for an abandoned well, sump, or hole cannot be identified or located; or, if the person is identified or located, when the person does not have sufficient financial resources to properly plug the well, sump, or hole; or

(b) when a previously abandoned well, sump, or hole is the cause of potential environmental problems and no responsible party can be identified or located or, if a responsible party can be identified and located, the person does not have sufficient financial resources to correct the problems.

(7) The board shall conduct an environmental review subject to the provisions of Title 75, chapter 1, parts 1 and 2, prior to approving any plan for development of oil or gas resources pursuant to this chapter."

NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

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